

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR A)	
CERTIFICATE OF CONVENIENCE AND NECESSITY)	CASE NO.
PURSUANT TO KRS 278.020(1) AND 807 KAR 5:001,)	96-199
SECTION 9, AND RELATED SECTIONS, AUTHORIZING)	
CERTAIN PROPOSED CONSTRUCTION AND)	
ASSOCIATED CAPITAL OUTLAY)	

O R D E R

Jackson County Rural Electric Cooperative Corporation ("Jackson County") filed its application on May 29, 1996 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan. In support of its application, Jackson County filed its 1996-1998 Work Plan. Based on the filing of Jackson County, these improvements and additions are estimated to cost \$18,020,000 and will be financed by loans of \$12,614,000 from the Rural Utilities Service ("RUS") and \$5,406,000 from CFC.

On October 10, 1996, the Commission issued an Interim Order granting Jackson County a Certificate of Public Convenience and Necessity for the proposed construction, but deferred ruling on the proposed loans. On April 11, 1997, Jackson County advised the Commission of RUS and CFC approvals of the proposed loans.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Jackson County, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary and appropriate for such purposes.

2. Jackson County is capable of executing its notes as security for the loan as stated herein.

3. Jackson County should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Jackson County should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Jackson County's application.

6. Jackson County should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Jackson County's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Jackson County be and it hereby is authorized to borrow \$5,406,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Jackson County at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Jackson County be and it hereby is authorized to execute its notes as security for the loan herein authorized.


3. Jackson County shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

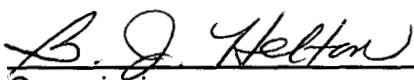
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 18th day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director